

Message Text

PAGE 01 NATO 02059 01 OF 02 081313Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
OIC-02 FEAE-00 EB-08 OMB-01 COME-00 /070 W
-----081323Z 123099 /43

R 080942Z APR 77
FM USMISSION NATO
TO SECSTATE WASHDC 2752
SECDEF WASHDC
INFO JCS WASHDC
USCINCEUR VAIHINGEN FRG
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
USNMR SHAPE

C O N F I D E N T I A L SECTION 1 OF 2 USNATO 2059

E.O. 11652: GDS
TAGS: MARR, NATO
SUBJECT: MEETING OF CENTRAL EUROPE PIPELINE POLICY COMMITTEE
(CEPPC) IN BRUSSELS, 4-5 APRIL 1977

REF: AC/120-D/993(REVISED), 15 MAR 77

SUMMARY: FOLLOWING WERE PRINCIPAL ACTIONS IN AGENDA ORDER AT
THE CEPPC MEETING HELD ON 4-5 APRIL 77: (A) THE FRG REP (DORR)
LIFTED RESERVATIONS ON SELECTED CAPITAL ITEMS IN THE 1977
CENTRAL EUROPE OPERATING AGENCY (CEOA) BUDGET RELEASING
APPROXIMATELY HALF OF THE 12.9 MILLION FRENCH FRANCS (FRFR)
REQUESTED TO BE UNFROZEN BY THE GENERAL MANAGER (VERBOIS);
(B) THE FRENCH REP (GENTILHOMME) TABLED A "FORMULA FOR REVISING
THE VALUE OF THE CEPS UNIT" (IN FRENCH) WHICH SEEMS UNACCEPTABLE;
(C) THE FRENCH CONTINUED A RESERVATION ON THE
APPOINTMENT OF MR. FEINBERG AS DIRECTOR OF FINANCE, CENTRAL
EUROPE OPERATING AGENCY PENDING AGREEMENT ON THEIR "RETENTION
CONFIDENTIAL

PAGE 02 NATO 02059 01 OF 02 081313Z

OF A HIGH LEVEL POSITION IN CEOA"; (D) FRENCH PARTICIPATION
IN COMMON FUNDING FOR THE REPLACEMENT OF ADN ENGINES WILL NOT BE
ANNOUNCED UNTIL AFTER A SCHEDULED MEETING ON THIS SUBJECT ON
22 APRIL 1977 IN PARIS; (E) A PAPER ENTITLED "AUDITING OF THE
CENTRAL EUROPE PIPELINE SYSTEM IN FRANCE", DATED 1 APRIL 1977,
FROM THE CHAIRMAN, INTERANTIONAL BOARD OF AUDITORS, NATO, WAS
ALSO INTRODUCED, WHICH MODIFIES ANNEX II TO AC"120-D/993(REVISED).
THIS DOCUMENT, ALONG WITH FRENCH CEPS UNIT FORMULA, WAS
REFERRED BY THE CEPPC TO THE "MEETING AT THE LEVEL OF DEPUTY PER-
MANENT REPRESENTATIVES ON CENTRAL EUROPE PIPELINE SYSTEM (CEPS)

FINANCIAL PROBLEMS", SCHEDULED FOR 19 APRIL 1977 IN BRUSSELS.
ACTION REQUESTED: GUIDANCE BY 15 APRIL 77 BASED UPON DETAILS
PROVIDED BELOW. END SUMMARY.

1. ITEMS OF PRINCIPAL INTEREST ARE REPORTED BELOW AND ARE
KEYED TO AGENDA ITEMS.

II. 1977 BUDGET OF CEOA AND DIVISIONS. FRG REP LIFTED THEIR
RESERVATION ON SELECTED CAPITAL ITEMS IN THE 1977 CEOA BUDGET
RELEASING APPROXIMATELY HALF OF THE 12.9 MILLION FRFR WHICH THE
GENERAL MANAGER REQUESTED BE RESTORED. THE GENERAL MANAGER NOTED
THAT THE SELECTION OF THE ITEMS RELEASED WAS INCONSISTENT IN THAT
THEY WERE NOT THE SAME ITEMS IN ALL OF THE HOST COUNTRIES.

III. MILITARY TARIFFS - EXCHANGE RATE FLUCTUATIONS. FRENCH REP
TABLED A "FORMULA FOR REVISING THE VALUE OF THE CEPS UNIT" (IN
FRENCH) DATED 31 MARCH 1977, WHICH SEEMS UNACCEPTABLE BOTH IN
SUBSTANCE AND DUE TO THE LACK OF DETAIL. IT WOULD REVISE THE
CENTRAL EUROPE PIPELINE SYSTEM (CEPS) UNIT ANNUALLY AND
WOULD EXPRESS THE BASIC CEPS UNIT IN THE CURRENCIES OF ALL FOUR
HOST NATIONS. THIS WOULD NOT ONLY COMPLI-
CATE ACCOUNTING, BUT WOULD ALSO PROTECT THE FRENCH AGAINST EFFECTS
OF THE HIGH INFLATION RATE IN FRANCE AS LONG AS THEY DID NOT
OFFICIALLY DEVALUE THE FRFR. IT WOULD ALSO ELIMINATE THE FRFR AS THE
SINGLE REFERENCE CURRENCY FOR THE CEPS UNIT.

IV. CEOA ESTABLISHMENT. THE ATTEMPT TO TRANSFER MR. BAYLAC
UNDER ARTICLE 5.12 OF NATO PERSONNEL REGULATIONS WAS UNSUCCESSFUL
CONFIDENTIAL

PAGE 03 NATO 02059 01 OF 02 081313Z

DUE TO THE REQUIREMENT, UNDER THIS ARTICLE, FOR THE NEW JOB
DESCRIPTION TO BE ESSENTIALLY DIFFERENT FROM THE OLD JOB DES-
SCRIPTION AND THE FRENCH POSITION THAT THEY MUST "MAINTAIN A HIGH
LEVEL POSITION IN CEOA" (QUOTE FROM FRENCH REP). AS A RESULT,
ATTEMPTS TO PUT ANY MEANINGFUL TASKS IN THE NEW JOB DESCRIPTION
WAS NOT ACCEPTABLE TO THE FRENCH. ON THE SAME
MATTER, THE UK REP (ILLING) HELD FAST TO A REQUIREMENT THAT A
ONE YEAR CONTRACT TO BAYLAC SHOULD CONCLUDE THE ISSUE AND THAT
THE PROBLEM SHOULD NOT BE RAISED AGAIN. THEREFORE, THE FRENCH
STILL MAINTAIN A RESERVATION ON THE APPOINTMENT OF MR. FEINBERG
AS DIRECTOR OF FINANCE, CEOA.

V. PIPELINE PROJECTS IN THE INFRASTRUCTURE PROGRAMME.

A. RHINE CROSSING AT KEHL. THE NATO
INTERNATIONAL STAFF INFRASTRUCTURE PIPELINE SPECIALIST (RICCI)
REPORTED THAT IT WOULD BE MORE COST EFFECTIVE TO ESTABLISH A NEW
RHINE CROSSING SITE THAN TO REPAIR THE EXISTING CROSSING AT KEHL.
B. REPLACEMENT OF ADN ENGINES. NATO MAINTENANCE AND
SUPPLY AGENCY (NAMSA) REP (VERBOOM) BRIEFED THE COMMITTEE ON
THE STATUS OF THE ADN ENGINE INVITATION FOR BID (IFB) UNDER
INFRASTRUCTURE INTERNATIONAL COMPETITIVE BIDDING PROCEDURES(ICB).
HE REPORTED THAT THREE OF ELEVEN BIDDERS HAD QUALIFIED AND THAT
NAMSA WAS PREPARED TO HAVE THE BIDS OPENED. HE WAS NOT AWARE
THAT THE CEPPC IN ITS 3-4 MARCH 77 MEETING HAD DECIDED TO STOP THE
PROCESS BECAUSE OF DISSATISFACTION WITH LACK OF AGREED DISPUTE

PROCEDURES IN ORDER TO SAVE TIME, THE COMMITTEE DIRECTED NAMSA TO STOP THE CURRENT BIDS, INITIATE A NEW IFB UNDER THE ACCELERATED INFRASTRUCTURE PROCEDURES AGREED BY NAMSA AND THE PAYMENTS AND PROGRESS COMMITTEE, AND NOT TO ADDRESS THE OPENING OF THE BIDS UNTIL AFTER THE FRENCH DECLARE THEIR PARTICIPATION IN COMMON FUNDING. AT THIS TIME, THE FRENCH HAVE NOT INDICATED THAT THEY WILL PARTICIPATE IN COMMON FUNDING OF THIS PROJECT AND WILL NOT DO SO UNTIL AFTER A MEETING IN PARIS ON 22 APRIL SCHEDULED TO ADDRESS THIS SUBJECT.

CONFIDENTIAL

PAGE 01 NATO 02059 02 OF 02 081118Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
OIC-02 FEAE-00 EB-08 OMB-01 COME-00 /070 W
-----081323Z 121127 /44

R 080942 APR 77
FM USMISSION NATO
TO SECSTATE WASHDC 2753
SECDEF WASHDC
INFO JCS WASHDC
USCINCEUR VAIHINGEN FRG
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
USNMR SHAPE

C O N F I D E N T I A L SECTION 2 OF 2 USNATO 2059

VIII. CALL FOR CONTRIBUTIONS. THE COMMITTEE AGREED TO THE SECOND CALL FOR CONTRIBUTIONS TOWARDS CEPS EXPENSES FOR 1977 IN THE AMOUNT OF FRFR 20,000,000 (AC/120-D/998). THE COMMITTEE WILL MAKE A THIRD AND LAST CALL FOR CONTRIBUTIONS IN JULY.

IX. ANY OTHER BUSINESS.

A. A PAPER ENTITLED "AUDITING OF THE CENTRAL EUROPE PIPELINE SYSTEM IN FRANCE", DATED 1 APRIL 1977, FROM THE CHAIRMAN, INTERNATIONAL BOARD OF AUDITORS, NATO, WAS ALSO INTRODUCED MODIFYING PARAGRAPH 12 OF ANNEX II TO AC/120-D"993(REVISED) AS FOLLOWS/ BEGIN TEXT:

(1) THE EXTERNAL AUDITS WILL BE PERFORMED AT SNOI ON THE BASIS OF THE ACCOUNTS, VOUCHERS AND OTHER DOCUMENTS SUPPORTING THE EXPENDITURES AND RECEIPTS OF CEPS. SNOI WILL PROVIDE ANY ADDITIONAL INFORMATION WHICH MAY BE REQUIRED;
CONFIDENTIAL

PAGE 02 NATO 02059 02 OF 02 081118Z

(2) THE EXTERNAL AUDITOR (NATO) SHALL RECEIVE THE REPORTS ON THE INTERNAL (NATIONAL) CONTROLS AND BE INFORMED OF THE ACTION TAKEN BY THE ADMINISTRATIONS CONCERNED. HE MAY

MEET WITH THE SNOI INTERNAL AUDITOR AND THE COTROLEUR D'ETAT FOR TRAPIL WITH A VIEW TO OBTAINING ADDITIONAL INFORMATION AND EXPLANATIONS. HE MAY DISCUSS WITH THEM THE EXTENSION OF THEIR AUDIT PROGRAMME IN CERTAIN AREAS;

(3) THE EXTERNAL AUDITOR MAY ACCOMPANY THE INTERNAL AUDITOR ON VISITS TO CEPS INSTALLATIONS IN ORDER TO OBTAIN FIRST HAND KNOWLEDGE ON THE NATURE AND SCOPE OF THE INTERNAL AUDIT AND ON THE CUSTODY OF THE CEPS PROPERTY;

(4) THE EXTERNAL AUDITOR ASCERTAINS THAT THE TRAPIL OVERHEADS FOR ADMINISTRATIVE AND TECHNICAL SERVICES TO BE REIMBURSED BY CEPS ARE ESTABLISHED IN ACCORDANCE WITH THE PROVISIONS OF DOCUMENTS AC/120-D/374, R/107, AC/120-WP/199, R/129 AND AC/120-D/953, R/227. THESE OVERHEADS ARE VERIFIED AND CERTIFIED BY THE CONTROLEUR D'ETAT. SINCE THE EXTERNAL AUDITOR (NATO) HAS NO ACCESS TO TRAPIL'S COMMERCIAL ACCOUNTS, HIS AUDIT IS BASED ON THE CERTIFICATION BY THE CONTROLEUR D'ETAT AND COVERS ONLY THE REALITY OF THE PAYMENTS AND THEIR CONFORMITY WITH THE CEPPC AUTHORIZATIONS. END TEXT. RECOMMEND APPROVAL OF THESE CHANGES.

B. THE FRG REP CONFIRMED PLANS FOR THE JOINT MEETING OF CEPPC/CEPO (CENTRAL EUROPE PIPELINE OFFICE) IN BONN FROM 9 THROUGH 11 MAY 1977.

2. COMMENTS:

A. WE BELIEVE THAT THE FRENCH FORMULA FOR REVISING THE VALUE OF THE CEPS UNIT (ITEM III) SHOULD BE REJECTED OUT OF HAND AS SELF-SERVING AND UNWORKABLE.

B. A SOLUTION TO THE EMPLOYMENT OF MR. FEINBERG AND MR. BAYLAC (ITEM IV) HAS TO BE REACHED SOON, SINCE BAYLAC'S CURRENT CONTRACT EXPIRES ON 5 JULY 1977. THE FRENCH HAVE MADE NO CONCESSIONS, AND THE UK HAS INTERPOSED ITS OWN CONDITIONS ON THE EXTENSION OF BAYLAC. WE BELIEVE, AFTER APPARENT FAILURE OF EFFORTS TO FIND A MIDDLE GROUND WITH THE FRENCH, THAT WE
CONFIDENTIAL

PAGE 03 NATO 02059 02 OF 02 081118Z

SHOULD NOW CALL FOR NO FURTHER DELAY ON THE FEINBERG APPOINTMENT IN LIEU OF FRENCH EFFORTS FOR QUID PRO QUO ON BAYLAC.

C. THE REPLACEMENT OF THE ADN ENGINES IS NOW BACK ON THE TRACK, BUT A REFUSAL BY FRANCE TO SUPPORT COMMON FUNDING COULD CAUSE BELGIUM TO BALK. HOWEVER, A FRENCH COMPANY IS ONE OF THE THREE REMAINING QUALIFIED BIDDERS OUT OF 11 INITIAL PARTICIPANTS UNDER THE OLD IFB AND WE BELIEVE THE FRENCH WILL PARTICIPATE.

D. THE CHANGE IN AUDITING PROCEDURES (ITEM IX.A.) IS DESIGNED TO AVOID MISUNDERSTANDINGS AND OVERCOME PAST DIFFICULTIES, AND SHOULD BE APPROVED.

E. ACTION REQUESTED: GUIDANCE BY 15 APRIL 1977. END COMMENT.
STRAUSZ-HUPE

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 30-Aug-1999 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NATO02059
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Expiration:
Film Number: n/a
Format: TEL
From: NATO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197704102/baaabcvu.tel
Line Count: 216
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE
Message ID: c6f6b39b-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: AC/120-D/993(REVISED)15 15 MAR 77
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2665476
Secure: OPEN
Status: NATIVE
Subject: MEETING OF CENTRAL EUROPE PIPELINE POLICY COMMITTEE (CEPPC) IN BRUSSELS, 4-5 APRIL 1977
TAGS: MARR, NATO
To: STATE SECDEF MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c6f6b39b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009